GRAPHITE ONE RESOURCES INC.

Management's Discussion and Analysis

For the three and six months ended March 31, 2015

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Form 51-102F1
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The following Management's Discussion and Analysis ("MD&A"), prepared as of May 26, 2015, should be read together with the condensed interim consolidated financial statements of Graphite One Resources Inc. (the "Company" or "Graphite One") for the three and six months ended March 31, 2015 and 2014 and related notes thereto, which are prepared in accordance with IAS 34 "Interim Financial Reporting" using accounting principles consistent with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance.

Forward Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Examples of where the Company uses forward looking statements include when discussing exploration plans, operational plans and future expenditure expectations.

It is important to note that:

• Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of May 26, 2015.

• Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

• The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

The mineral resource estimates reported in this MD&A were prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("SEC") applies different standards in the classification of mineralization. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred mineral resources, except in rare cases.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

Nature of Operations and Going Concern

Graphite One was incorporated in Alberta under the name Cedar Mountain Exploration Inc. and commenced operations on March 16, 2006. On October 18, 2007, the Company closed its initial public offering and on October 29, 2007 began trading on the TSX-Venture Exchange under the symbol CED. On March 23, 2012, the Company changed its name to Graphite One Resources Inc. and adopted the symbol on the TSX-Venture Exchange of GPH effective March 27, 2012. On June 11, 2012 the Company began trading in the over the counter market in the United States on the OTCQX under the symbol GPHOF. Graphite One is the parent company of its consolidated group. The Company's head office address is Suite 510, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8.

Graphite One is engaged in the acquisition, exploration and evaluation of graphitic mineral properties. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The Company is focussing its exploration efforts on the Graphite Creek Property. The recoverability of the invested amounts shown for the exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining the necessary financing to complete development and, ultimately, generating sufficient profits from future production or sufficient proceeds from the disposition of the exploration and evaluation properties.

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

Exploration and Evaluation Properties

Graphite Creek Property Summary

The Graphite Creek Property is located on the Seward Peninsula of Alaska about 59 kilometers ("km") north of the deep sea port at Nome. The Graphite Creek Property is situated about 20km from a seasonal road and 4km from tidewater.

The Graphite Creek Property consists of 129 claims totaling 6,799 hectares (16,801 acres) and is comprised of:

- Twenty-four Federal mining claims (the "GC Option Property");
- Twenty-eight state mining claims (the "GC Purchased Property"); and,
- Seventy-seven staked state mining claims around the GC Option Property (the "GC Staked Property").

2012 Optioning of Federal Claims, Purchase of State Claims and Staking of State Claims

On January 17, 2012, the Company announced that it had entered into an option agreement (the "GC Option Agreement") with an arm's length party (the "Vendor") to earn a 100% interest in the GC Option Property. The GC Option Property is an early stage exploration property which the Company assessed is of high prospectivity for large-flake, high grade graphite.

To complete the GC Option Agreement, the Company was obligated to incur exploration expenditures on the GC Option Property totaling United States dollars ("USD") 1,525,000 over three years, plus make aggregate cash payments to the Vendor totaling USD 425,000, including USD 25,000 upon entering into the GC Creek Option Agreement, USD 50,000 due March 1, 2012, USD 100,000 due March 1, 2013 and, USD 250,000 on March 1, 2014. On March 3, 2014, the Company announced that it had satisfied all of the obligations under the GC Option Agreement and earned the right to enter into a lease agreement.

When completed, the Company's interest in the GC Option Property will be governed by an initial 20 year lease with provisions for renewal (the "Graphite Creek Lease"). During the term of the Graphite Creek Lease, the Company must pay an advance royalty (the "Advance Royalty") of USD 30,000 per year for each of the first five years and increasing by USD 10,000 per year thereafter, until such time as the GC Option Property commences production. Upon commencement of production, the GC Option Property shall be subject to a 5% net smelter royalty in favour of the Vendor (the "Graphite Creek NSR"), of which 50% of the total amount payable under the Graphite Creek NSR may be settled by applying advance royalties paid prior to production. The Company shall have the additional option of reducing the Graphite Creek NSR to 3% by making cash payments to the Vendor of USD 2,000,000 for each 1% reduction of the Graphite Creek Royalty.

On January 24, 2012, the Company purchased from a private individual (the "Seller") the GC Purchased Property for $20,000 and a 2% production royalty on future production from the GC Purchased Property. The Company had the right to purchase the production royalty for $1 million until January 24, 2015 (the "Royalty Purchase Option"). The Company and the Seller entered into an extension agreement effective January 24, 2015 (the "Extension Agreement") whereby the Royalty Purchase Option may be exercised at any time on or before the earlier of (i) January 24, 2017, or (ii) the date that is six (6) months after the release by the Company of a feasibility study on the Graphite Creek Property. In connection with the Extension Agreement, the Company has issued to the Seller, 769,231 common shares of the Company at an issue price of $0.13 per share.

During the remainder of 2012, the Company staked and acquired the GC Staked Property.

The Graphite Creek Property is historically characterized by a series of large-flake, high-grade graphite deposits or showings that crop out in incised creek valleys on the northern, lowermost slopes of the Kigluaik Mountains. The graphite showings were first discovered after the 1898 Cape Nome gold rush, and have been reported under several names including the Uncle Sam, Tweet and Kigluaik graphite deposits. The showings were intermittently mined from 1907 to 1920 with some 580 tonnes of hand-sorted graphite mined from talus and adits (small (<10 m) excavations into exposed outcrop) that penetrated high-grade graphitic zones. Prior to Graphite One's interest, the deposits were last explored during the mid-1990s when minor mineralogical (x-ray diffraction) and chemical work was conducted. The graphite showings were never drill-tested prior to Graphite One's 2012 exploration program.

The graphite deposits consist mainly of segregations (lenses and streaks) of semi-massive to massive graphite and graphite disseminations that are hosted in schistose rocks within the lower granulite facies portion of the Kigluaik Group. Based on surface exposures and workings, the deposits are known to strike in a north-easterly direction adjacent to the high angle, strike-slip Kigluaik Fault. Graphite zones within the schistose rocks occur as: 1) massive resistant graphite segregations in sillimanite-garnet-biotite-quartz schist; 2) flaky graphitic sillimanite-garnet-biotite-quartz schist consisting of 15-55% large graphite flakes; and 3) graphitic biotite-quartz schist containing 1-10% disseminated graphite. Historical sampling suggests that the sillimanite-garnet-biotite-quartz schist has massive 'high-grade' graphite segregations (and disseminated graphite) that can yield up to 60% graphite, and the biotite-quartz schist contains 2% to 6% disseminated graphite.

2012 Exploration Program

On June 13, 2012 the Company announced it had completed an airborne geophysical survey of the Graphite Creek Property conducted by SkyTEM Canada Inc. ("SkyTEM") which was comprised of both magnetics and electromagnetics (SkyTEMs' Dual-Moment, Time-Domain Electromagnetic ("TDEM") System). The survey was flown at 50 metre spaced lines. A total of 1,523.5 line-kilometres were flown in two phases. The first phase collected survey data during May 2012 and the second phase collected survey data over newly acquired claims during July and August 2012. The two survey phases were collected over adjoining blocks using SkyTEM systems with identical system calibrations. The main electro-magnetic ("EM") conductor that is coincident with graphite occurrences has now doubled to more than 18 kilometres in strike length. As well, a second EM conductor (the 'south zone' or 'Araujo zone') was identified during 2012 yet remains untested by drilling.

On June 27, 2012 a $4.5 million exploration program at the Graphite Creek Property commenced, which consisted of drilling, prospecting, geological mapping and sampling along the conductors delineated from the airborne survey and previously defined graphite-bearing schist. This program was undertaken to provide sufficient information on the deposit in order to produce a National Instrument ("NI") 43-101 compliant resource report. Following a reconnaissance geological mapping and rock chip sampling program to refine the location and orientation of the graphite mineralization, a diamond core drilling program was completed over the summer of 2012.

A total of 591 rock grab samples were sampled throughout the Graphite Creek Property during 2012 fieldwork. Rock sample types include graphitic sillimanite-garnet-biotite-quartz and biotite-quartz (±garnet) schistose units plus localized intrusive diorite. All samples were analyzed for specific gravity and graphitic carbon ("Cg"). Of the 591 samples, 11 samples yielded >45% Cg (up to 80.9% Cg), 47 samples had >10% Cg and 137 samples contained >3% Cg. Fifteen bulk samples of between 558 kg and 739 kg (totaling 9,916 kg in three composite samples) were collected from three different areas including Graphite Creek, Christophosen Creek and Child Drainage for use in metallurgical testing.

The 2012 drill program included 18 drillholes totaling 4,249 m. Seventeen (17) of the drillholes were in the central portion of the Graphite Creek Property near Graphite Creek. These drillholes are spaced about 200 m apart with infill drilling initiated on the western portion of the drill zone at a spacing of 50 m. With the exception of one drillhole (12GCH005; -87° dip), all drillholes were drilled at -49° to -51° dip to test the true thickness of mineralization; the graphite bearing rocks dip at approximately 60°. The drill core was sampled approximately every metre (4,106 samples), which resulted in 208 samples yielding >10% Cg and 1,249 samples with >3% Cg. All drillholes encountered graphite mineralization including, for example, 173 m of 5.39% Cg with sub-intersections of 10.03% Cg over 55 m and 12.01% Cg over 42 m (drillhole 12GCH005), and 147 m of 4.0% Cg with sub-intersections of 6.56% Cg over 58 m and 10.14% Cg over 32 m (drillhole 12GCH006). The results confirm that graphite mineralization exposed at surface extends to vertical depths of over 225 m.

The 18th drillhole completed during the 2012 program represents a step-out hole to test graphite mineralization along the geophysical conductor. Drillhole 12GCH008 was collared approximately 2.2 km west of the main drill zone. Drill core analytical results include 177 m of 3.0% Cg including 6.02% Cg over 52 m and 7.07% Cg over 31 m. The step-out hole shows the potential for continuous high-grade mineralization along the geophysical conductor.

Maiden Resource Estimate 2013

On January 21, 2013 Graphite One announced that it had filed a NI 43-101 Technical Report ("2013 Technical Report") for its maiden inferred resource at the Graphite Creek Property. The resource for the Graphite Creek Property was based on the results from the 18 hole, 4,248 metre drilling program conducted in 2012, yielding an inferred resource of 107.2 million tonnes at 5.78% graphite using a 3.0% Cg cut-off.

The mineral resources were estimated using analytical data from 17 of 18 recent surface drill holes for which 3,913 samples were assayed for Cg using the LECO analytical method (composite to 2 m). Drill holes were spaced up to 320 metres apart initially with some infill drilling at 50 metre spacing. Interpretation and modeling of five three dimensional wireframe envelopes were completed to outline the mineralized graphitic horizons. A block model of 5 m (E-W) by 2 m (N-S) by 5 m (vertical) was interpolated using the inverse square of the distance method and a maximum of 6 composites, to estimate each block within the mineralized envelope(s). The specific gravity (S.G.) was fixed to 2.7 kg/m3 and is based on core measurements. The base case cut-off grade of 3% Cg is based on a conservative approach with 80% recovery for a 95% Graphite concentrate and an average selling price of $1,200/tonne.

The 2013 Technical Report was prepared by SGS Canada Inc., and APEX Geoscience Ltd., following the guidelines of the Canadian Securities Administrations National Instrument 43-101 and Form 43-101F1. The report titled "*Technical Report, Maiden Inferred Resource Estimate of the Graphite Creek Property, Alaska USA*", is filed on SEDAR and can be viewed on www.sedar.com.

Metallurgical Test Work

In 2011, Graphite One collected four samples of the garnet-bearing schist that yielded 9.1 to 21.6% carbon. Screening analyses of these samples, which included high-grade massive, disseminated and mixed composite samples that were crushed to -10 mesh, showed that about 57-71 wt. % (57% to 64% of the graphite distribution) is contained in the 10 by 40 mesh size fraction, with 8-18 wt. % (11% to 20% of the graphite distribution) in the 40 by 80 mesh fraction.

In January of 2012, Hazen Research, Inc., located at Golden, Colorado ("Hazen"), completed the initial flotation test work on the Graphite Creek mineralization, utilizing the high grade composite sample from the 2011 characterization studies as head material. Using a simple two stage flow sheet with the goal of creating a flotation concentrate of greater than 90% graphite (Cg) content, they achieved a 91.7% Cg concentrate in the 40 by 80 mesh target flake size. Hazen recommended further mineralogical studies to identify the morphology and mineral associations of the gangue and graphite followed by additional flotation beneficiation studies using varied grinding times and techniques, as well as modification of the flotation reagent scheme. The goal of the systematic Graphite Creek metallurgical testing program is to produce the highest graphite content flotation concentrate, while preserving the large flake qualities of the Graphite Creek deposit.

Later in 2012, as a follow-up to the initial flotation study, Graphite One conducted further mineralogical characterization studies on an additional four composite samples from drill core and tested for flake size distribution, trace elements and x-ray diffraction analysis. The samples analyzed contained 8.7%, 13.7%, 14.9% and 8.0% Cg, respectively. From these samples, 62.9%, 70%, 63.9%, and 59.3%,* respectively, of the graphite recovered was large flakes (*samples were crushed to 10 mesh and consequently results may be understated because the 2011 samples contained up to 10.5% +10 mesh material). The analytical work was conducted by Hazen. Based on the 2011 and 2012 tests, the Graphite Creek Property is a flake graphite deposit whereby the majority of the flake is considered to be large flake.

During 2013, the Company conducted further metallurgical test work at Activation Laboratories Ltd. ("ActLabs") in Ancaster, Ontario. This work included flotation and Mineral Liberation Analysis using a Quanta600FMLA instrument with Scanning Electron Microscope for identification of the mineral constituents associated with the graphite. The beneficiation testing demonstrated a leaching process capable of producing an ultra-high purity graphite concentrate, with a high of 99.2% Cg achieved in the laboratory.

In 2014, SGS Canada Inc. ("SGS") conducted a scoping level study of a composite of Graphite Creek drill core sample of an average grade of 5.3% Cg. Two rougher kinetics tests were completed and preliminary results suggest that flash flotation followed by grinding of the flash flotation tails and rougher flotation is the most suitable configuration of the front end of the process flowsheet. Rougher test F2 produced an intermediate concentrate grading 33.9% total carbon at 93.7% carbon recovery.

A total of eight open-circuit cleaners were carried in an attempt to produce a saleable concentrate by means of flotation only. The process variables that were evaluated in the tests included flowsheet configuration, polishing grind times, and grinding media size. Of the two flowsheet variants that were evaluated, one proved to be superior. Test F6 produced the best overall results with a combined concentrate grade of 89.7% total carbon and a carbon recovery of 86.9%.

The highest concentrate grade of 93.6% total carbon was obtained for the largest size fraction of greater than 48 mesh (300 microns) and then gradually decreased to 86.9% total carbon as the flake sizes decreased. Interestingly, the concentrate grade of the smallest size fraction of -325 mesh (44 microns) increased again to 91.7% total carbon. A total of 18.6% of the concentrate mass reported to the +80 mesh (180 microns) size fractions and 35.8% to the -80/+200 mesh products. The remaining concentrate mass of 45.6% consisted of graphite flakes smaller than 200 mesh (75 microns).

Further flotation test work is recommended to optimize the flowsheet and finalize the flotation circuit design. Once the flowsheet is finalized, the bulk sample collected in 2012, and additional drill core, should be used to conduct a pilot scale test run (15 to 25 tonnes) to evaluate full scale flotation of the Graphite Creek mineralization. The resulting flotation concentrates would be utilized to test hydrometallurgical purification to produce high purity graphite, spherical graphite, expanded graphite, and other special end use products in the laboratory.

Metallurgical test work was completed by Hazen in 2015 on five representative drill core composites from the upper two graphite bearing horizons of the Graphite Creek deposit. This work included gravity separation testing of the garnet fraction associated with the higher grade graphite mineralization, evaluation of the graphite recoveries of the lower grade graphite-biotite schist material and further characterization studies and analysis of the flotation flowsheet incorporating the gravity scalp of the heavy fraction to preserve the large flake properties of the mineralization. The studies showed that a gravity circuit at the start of the flotation would remove up to 18% of the mass while preserving the large flake fraction. Additional grinding and optimization work is recommended.

2013 Exploration Program

Beginning September 24, 2013, an exploration program at the Graphite Creek Property was undertaken which consisted of drilling conductors along strike using data gathered from the 2012 airborne electro-magnetic survey. In total, 10 diamond drillholes were completed totaling 1,023 meters. Drillholes were typically spaced about 250 meters apart. Drill holes 13GCH009 and 13GCH010 were drilled east of the 2012 drilling and drillholes 13GCH011 to 017 were designed to drill in between the 2012 step out hole (12GCH008 - drilled 2.2 km west) and the 2012 inferred resource. Results of the 2013 drilling were used to update the existing inferred resource.

2014 Resource Update

On January 20, 2014 the Company announced a 74% increase in the existing inferred resource to 186.9 million tonnes of 5.5% Cg at a 3% Cg Cut-off when the results of the ten hole, 2013 program were incorporated into the existing Graphite Creek resource data. (See Table below "2014 Expanded Graphite One Inferred Resource").

2014 Expanded Graphite One Inferred Resource[c]

Cut-Off Grade (% Cg) by LECO	Tonnes (Million)	Graphite % (Cg) by LECO	In Situ Graphite (Metric Tonnes[a])
3[b]	**186.86**	**5.5**	**10,346,000**
5	95.93	7.2	6,906,000
7	37.68	9.2	3,467,000

a: The grade and in situ graphite have been rounded off to the nearest thousand, and therefore may not tally due to rounding.
b: This inferred resource recommends using a 3.0 % Cg cut-off. The base case cut-off grade of 3% Cg is based on a conservative approach of resource recovery of 80 to 95% Graphite concentrate with average selling price of USD 1200/tonne.
c: Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve.

The mineral resource estimate was prepared by Steve Nicholls, BASc, MAIG and Roy Eccles, M.Sc., P.Geol. of APEX Geoscience Ltd., both of whom are independent Qualified Persons under National Instrument 43-101, using the most current Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines.

The Expanded Graphite Creek Inferred Resource is constrained within a drilled block of dimensions approximately 4.8km along the northeast striking trend of the graphitic schist, 230m across the strike to the southeast and 320m below surface. Geological interpretation and estimation utilized 28 drillholes (totaling 5,272m) that were drilled by Graphite One in 2012 and 2013. Spacing between drillholes generally varied from 50 to 500 m, with an average of 190 m between drillhole sections. Based on the drillhole spacings, a parent block size of 20m x 20m x 20m with sub-blocking down to 5m x 5m x 5m was applied. The deposit remains open along strike to both the east and west, and down dip.

The graphite deposits occur within distinct geological layers that comprise high-grade massive to semi-massive segregated, and disseminated, large-flake graphite in sillimanite-garnet-biotite-quartz schist and biotite-quartz schist (±garnet) host rocks. Accordingly, the geological model and estimation is guided by eight distinct mineralized lodes, or statistically derived groupings of elevated graphite mineralization, that are shown to extend laterally for various distances along the strike of the deposit. Of these lodes, the highest in situ graphite tonnage occurs in surface/near-surface mineralized lodes comprised of sillimanite-garnet-biotite-quartz schist.

The Graphite Creek assay file comprised 4,930 analyses of variable length from all the sampled lithologies. The mineral resources were estimated using analytical data from 28 surface drill holes for which samples were assayed for Cg using the LECO analytical method (composite to 2m) at Actlabs. Based on drill core lithologies and the assay file, a total of eight different mineralized wireframes, or lodes, were interpreted in the three-dimensional geological model. Of the 4,930 assays in the Graphite One database, 2,599 assays were situated within the mineralized lodes. Upon the completion of the compositing process (at 2m intervals), a total of 1,271 composites were used in the estimation process. Density values (n=4,928) were estimated for each individual block throughout the block model. Variography was limited because most drill sections had a single drillhole, and subsequently, grade estimation of graphite percentage was performed using inverse-distance squared methodology.

2014 Completion of Graphite Creek Option Agreement

On March 3, 2014, Graphite One announced that it had satisfied all of its obligations under the GC Option Agreement by making the final option payment of USD 250,000. The Company has earned the right to enter into a lease agreement. Once completed, the project will be governed by a 20 year lease with automatic renewal provisions. The lease agreement allows for a 5% net smelter royalty which can be reduced to 3% by a cash payment of USD 2,000,000 for each one percent purchased.

2014 Exploration Program

Graphite One conducted an exploration drilling program on the Graphite Creek Property between September and November 2014 totaling twenty-two diamond drill holes amounting to 2,313.9 meters. The 2014 drill program was designed to infill between previous drill holes utilized in the January 2014 inferred resource and increase the confidence in the continuity and distribution of the graphite mineralization.

In addition to twenty resource estimation drill holes, two drill holes were completed into separate areas of the deposit to provide core samples for metallurgical test work on the two principle near-surface zones of mineralization. A metallurgical program was initiated in November 2014 to evaluate the processing parameters of representative samples of the two upper zones of mineralization seen in the drilling. One of the goals is to optimize the process flow sheet for the potential processing facility. The metallurgical program is ongoing.

2015 Resource Update

On March 17, 2015, the Company announced an updated mineral resource estimate of 17.95 million tonnes indicated, grading 6.3% Cg, and 154.36 million tonnes inferred, with 5.7% Cg, using a 3% Cg cut-off grade. The 2014 exploration program decreased [PS1]the vertical and lateral drill spacing along a 730m strike length of the 4.8 km long Graphite Creek deposit. The drilling results moved a portion of the previously released resource estimate from inferred to indicated resource status. (See Table below "Graphite Creek Resource Estimate – February 2015).

Graphite Creek Resource Estimate – February 2015[c]

Cut-Off Grade (% Cg[a])	Tonnes (Million)	Graphite (% Cg)	In Situ Graphite (000's Tonnes[b])
Indicated			
3	**17.95**	**6.3**	**1,133**
4	17.31	6.4	1,109
5	15.06	6.7	1,007
Inferred			
3	**154.36**	**5.7**	**8,764**
4	121.58	6.2	7,586
5	105.70	6.5	6,874

a: This resource estimate recommends using a 3.0 % Cg cut-off grade for the base case to be consistent with its conservative approach of resource recovery of 80 to 95% Graphite concentrate with average selling price of USD 1400/tonne.
b: The tonnage and in situ graphite (metric tonnes) have been rounded off to the nearest thousand, and therefore may not tally due to rounding.
c: Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve.

The mineral resource estimate was prepared by Steve Nicholls, BASc, MAIG and Roy Eccles, M.Sc., P.Geol. of APEX Geoscience Ltd., both of whom are independent Qualified Persons under National Instrument 43-101, using the most current Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines.

Graphite Creek Project Report

In 2014, TRU Group was commissioned by the Company to identify options for the Graphite Creek Project with a focus on matching the resources to up-market functionalized end uses for graphite (Stage A). In 2015, TRU Group undertook a second stage of study (Stage B) to conduct testwork and determine the characteristics of the graphite. On April 15, 2015, the Company announced receipt of TRU Group's Stage B Report (see the Company's news release dated April 15, 2015) which revealed that Graphite Creek graphite has unique characteristics, including spheroidal shaped graphite, high proportions of coarse flake graphite with high aspect ratios and naturally expanded/exfoliated flake graphite. TRU Group also identified the need for additional research and development to more fully understand these characteristics and the impact on processing and finished products. As a result of the importance of this development, the Company suspended work on its PEA in order to incorporate the findings from the Stage B Report into the PEA.

Quality Assurance/Quality Control

Graphite One conducted laboratory quality assurance and quality control ("QA/QC") tests, where 99 duplicate samples from the 2013 drill program were analyzed at two separate, independent laboratories (Actlabs and Acme Analytical Laboratories Inc.). The results yielded good correlation of graphitic carbon between data from the two laboratories with the majority of samples plotting near the 1:1 line, and provides confidence in the graphite concentration data used in the Expanded Graphite Creek Inferred Resource.

Graphite One has its own core logging and sample preparation laboratory facility in Nome, Alaska. The sample preparation laboratory was installed, and is being managed by Actlabs. This will ensure Graphite One maintains the highest level of QA/QC and ensures timely receipt of analytical results.

Overall Performance

The Company has no operating revenue to date. The Company relies on the issuance of common shares to finance acquisitions, exploration on its exploration and evaluation properties, and to provide general operating working capital. The majority of the Company's financial assets are expended in the acquisition and exploration of its exploration and evaluation properties which is reflected in the Company's consolidated financial statements as exploration and evaluation properties on the balance sheet or write down of exploration and evaluation properties on the statement of loss and comprehensive loss.

Selected Annual Information

The following table summarizes financial data for annual operations reported by the Company for the years ended September 30, 2014, 2013, and 2012.

	September 30, 2014	September 30, 2013	September 30, 2012
Current assets ($)	4,035,266	1,563,827	990,948
Total Assets ($)	11,517,114	7,302,220	5,757,680
Exploration and evaluation properties ($)	7,387,334	5,513,217	4,444,125
Current liabilities ($)	593,368	488,313	317,964
Net loss ($)	(2,045,406)	(1,686,631)	(6,776,181)
Basic and diluted net loss per common share ($)	(0.02)	(0.02)	(0.09)
Weighted average number of common shares outstanding	125,193,352	89,938,337	71,961,162

Summary of Quarterly Results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

Period ended	Mar 31 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014	Dec 31 2013	Sep 30 2013	Jun 30 2013
Net loss ($)	(499,400)	(1,039,424)	(617,483)	(457,436)	(511,925)	(458,562)	(535,910)	(211,564)
Basic and diluted loss per common share ($)	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Over the past eight quarters, the Company continued its focus on exploration and there are no cash flows resulting from operations.

Results of Operations

Three months ended March 31, 2015

During the three months ended March 31, 2015 ("the current quarter"), the Company incurred a net loss of $499,400 compared to a net loss of $511,925 during the three months ended March 31, 2014 (the "second quarter of 2014").

General and administrative expenses for the current quarter, consisting of management fees and salaries, marketing and investor relations, office and administration and professional fees, totaled $500,126 (2014 - $459,526). General and administrative expenses in the current quarter, compared to the second quarter of 2014, include the following:

- Management fees and salaries decreased by $109,146 to $132,955 (2014 – $242,101) driven primarily by a severance payment made to a former officer and director in 2014, when compared with the second quarter of 2015, offset in part by increases in consulting costs.
- Marketing and investor relations costs of $239,692 (2014 - $141,340) increased by $98,352 in the current quarter due primarily to increased costs associated with consulting, marketing, travel and conferences in an effort to increase the visibility of the Company in the market place.
- Office and administrative expenses increased to $84,545 (2014 - $56,062) primarily the result of increased filing fees and slightly higher insurance costs.
- Professional fees increased in the current quarter to $42,934 (2014 – $20,023) primarily the result of increased audit and legal fees.

Share based payments expense, a non-cash expense, was $nil (2014 – $49,033). No share options were granted during the three months ended March 31, 2015 whereas options vested in the three month period ended March 31, 2014. Share based payments amounts were determined based on the fair value of share options granted, vested and approved in the quarter.

Six months ended March 31, 2015

During the six months ended March 31, 2015 ("the current year"), the Company incurred a net loss of $1,538,824 compared to a net loss of $970,487 during the six months ended March 31, 2014 (the "prior year").

General and administrative expenses for the current year, consisting of management fees and salaries, marketing and investor relations, office and administration and professional fees, totaled $995,364 (2014 - $795,273) General and administrative expenses in the six months ended March 31, 2015, compared to the six months ended March 31, 2014, include the following:

- Management fees and salaries decreased to $298,228 (2014 – $331,708) driven primarily by a severance payment made to a former officer and director in 2014, when compared with the first six months of 2015, offset in part by increases in consulting costs.
- Marketing and investor relations costs increased by $150,739 to $476,119 (2014 - $325,380) in the current year due primarily to increased costs associated with consulting, marketing, travel and conferences in an effort to increase the visibility of the Company in the market place.
- Office and administrative expenses increased slightly to $132,514 (2014 - $105,399) primarily the result of increased filing fees and slightly higher insurance costs.
- Professional fees increased in the current year by $55,717 to $88,503 (2014 – $32,786) primarily the result of increased audit and legal fees.

Share based payments expense, a non-cash expense, was $535,672 (2014 – $172,166). During the six months ended March 31, 2015, 5,350,000 share options were granted (2014 – 900,000). Share based payments amounts were determined based on the fair value of share options granted, vested and approved in the quarter.

Liquidity and Capital Resources

	Mar 31 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014	Dec 31 2013	Sep 30 2013	Jun 30 2013
Working Capital ($)	680,192	1,568,661	3,441,898	213,116	701,272	318,215	1,075,514	(169,603)

Working capital at March 31, 2015 was $680,192 compared to $701,272 at March 31, 2014.

The condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon the Company's ability to arrange adequate financing in the near term. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue operations. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Financial Instruments and risk management

Financial instrument classification

The Company`s financial instruments recognized on the balance sheet consist of cash, cash in trust, investment, trade and other payables, accrued liabilities and refundable deposits.

Upon initial recognition, Graphite One has designated its cash, cash in trust, refundable deposits and other receivables as loans and receivables, and accordingly they are measured at amortized cost.

The Company held common shares of a private corporation, received in the year ended September 30, 2011 as consideration for the sale of a mineral property. In September 2014, the Company wrote off the value of this investment. These shares were classified as available for sale investments, and were carried at cost as the shares were not traded on an active market.

Trade and other accounts payable have been classified as other liabilities, and are measured at amortized cost.

The estimated fair market values of the Company`s financial instruments approximate their carrying values due to their short-term nature, other than investment, which was carried at cost.

The Company has no unrecognized financial instruments or derivative financial instruments.

Capital management

The Company's capital consists of equity.

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support its operations and corporate functions; to perform mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. Graphite One manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

There have been no changes in the Company's capital management in the current year.

Risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company's cash balances held at financial institutions earn interest at rates which vary according to prevailing rates. The Company does not deem the associated interest rate risk to be material.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to any material credit risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Graphite One maintains the majority of its cash reserves in Canadian dollars. A portion of the Company's funds are held in United States dollars and are, therefore, subject to fluctuations in foreign exchange rates.

At March 31, 2015, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in an increase or decrease of $5,200 in the Company's net loss.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

At March 31, 2015, the Company's current liabilities consisted of accounts payable and accrued liabilities of approximately $470,724 (September 30, 2014 - $593,368), due primarily within the next fiscal quarter. The Company's cash of $667,976 at March 31, 2015 (September 30, 2014 - $2,954,924) was more than sufficient to pay these current liabilities. As at May 26, 2015, the Company had working capital of approximately $0.4 million. The Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

At March 31, 2015, Graphite One's working capital was $680,192 (September 30, 2014 - $3,441,898) and does not have any long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company will have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

Related party transactions and balances

Relationships	Nature of the relationship
Huston Financial Corp. ("Huston")	Huston Financial Corp. is a private company controlled by an officer and director of the Company. Huston provides management services and investor relations consulting to the Company.
DH Smith Resource Advisory Corp. ("Smith")	Smith is a private company controlled by a director of the Company. Smith provides management services to the Company.
Ahlgren Consulting Inc. ("Ahlgren")	Ahlgren is a private company controlled by an officer of the Company. Ahlgren provides management services to the Company.
878160 Alberta Ltd. ("878160")	878160 is a private company controlled by a former officer and director of the Company. 878160 provides geological consulting to the Company.
CC Management Inc. ("CC")	CC is a private company controlled by a former officer and director of the Company. CC provided management services to the Company.

Related party transactions

	Management Services	Investor Relations Consulting	Geological Services
For the six months ended March 31, 2015			
Huston Financial Corp.	$ 68,748	$ 56,250	$ -
DH Smith Resource Advisory Corp.	99,996	-	-
Ahlgren Consulting Inc.	57,000	-	-
878160 Alberta Ltd.	-	-	25,000
For the six months ended March 31, 2014			
Huston Financial Corp.	$ 27,083	$ 56,250	$ -
DH Smith Resource Advisory Corp.	33,333	-	-
CC Management Inc.	175,000	-	-
878160 Alberta Ltd.	15,000	-	60,000

The above transactions relate to consulting fees incurred by the Company with the exception of fees paid to CC Management Inc., which includes severance of $125,000 in the six months ended March 31, 2014. Management services expenses are included in Management fees and salaries and investor relations consulting expenses are included in Marketing and investor relations in the consolidated statements of financial position. Geological services are capitalized to Exploration and evaluation properties in the consolidated statements of financial position.

During 2014, the Company paid a company with former common directors for monthly office rent and general operating costs for an office in one of the Company's locations. With the departure from the board of the common directors, these expenditures are no longer related party transactions. The office rental and operating costs were shared between several companies, and the Company only paid its pro rata share of the total cost of the office rental and related costs. The Company's share of office rent and basic operating costs for the six months ended March 31, 2014 was $24,221.

Amounts owing to related parties are non-interest bearing, unsecured and due on demand. The transactions were in the normal course of operations. At March 31, 2015, the Company owed $48,935 (2014 - $97,916) to related parties.

Key management compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Executive Chairman, President & Chief Executive Officer, Directors, Chief Financial Officer, and General Manager Operations.

Six months ended March 31,	**2014**	**$ 2,014.00**
Consulting fees	$ 306,994	$ 241,666
Severance	45,000	125,000
Salary	114,737	25,782
Benefits	8,055	36,000
Stock-based compensation	310,000	39,000
	$ 784,786	$ 467,448

Management contracts

The Company entered into an agreement effective February 1, 2014 with a private company controlled by the President and CEO which provides management services to the Company. Under this agreement, the Company will pay an annual fee for services of $250,000 and, in the event of change of control of the Company, an amount equal to three times the annual fee. The agreement also provides for the payment of an amount equal to 2.5% of proceeds on any non-brokered financings with aggregate proceeds not to exceed $20 million.

Effective February 1, 2014, the Company entered into an agreement with a private company controlled by the Executive Chairman which provides management services. Under this agreement, the Company will pay an annual fee for services of $200,000 and, in the event of change of control of the Company, an amount equal to two times the annual fee.

Effective December 12, 2014, the Company entered into an agreement with a private company controlled by the Chief Financial Officer which provides management services. Under this agreement, the Company will pay a monthly fee for services of $8,000 and, in the event of change of control of the Company, an amount equal to six times the monthly fee.

Outstanding Share Data

The following table summarizes the Company's outstanding share capital:

	May 26, 2015
Common shares issued and outstanding	167,645,180
Warrants outstanding (weighed average exercise price $0.18)	59,351,870
Broker`s warrants outstanding (weighted average exercise price $0.20)	2,220,102
Stock options outstanding (weighted average exercise price $0.18)	14,575,000
Fully diluted common shares outstanding	243,792,152

Additional Disclosure for Venture Issuers without Significant Revenue

Details of the Company's general and administrative expenses for the three and six months ended March 31, 2015 and 2014 are included in the results of operations section of this MD&A. Details of the Company's expenditures relating to exploration and evaluation properties are presented in note 8 to the consolidated financial statements.

Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Commodity prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.

- Financial risks include fluctuations in commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

- Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

Outlook

The Company's primary focus is the exploration and development of the Graphite Creek Project. In addition to the exploration at this Property, the Company may evaluate other prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance such prospects.

Approval

The Board of Directors of the Company have approved the disclosure contained in this MD&A.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and on the Company's website at www.graphiteoneresources.com.